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PERIODIC REPORT ON THE NATIONAL EMERGENCY
CAUSED BY THE LAPSE OF THE EXPORT ADMINIS-
TRATION ACT OF 1979

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A 6-MONTH PERIODIC REPORT ON THE NATIONAL EMERGENCY
DECLARED BY EXECUTIVE ORDER 12924 OF AUGUST 19, 1994,
TO DEAL WITH THE THREAT TO THE NATIONAL SECURITY, FOR-
EIGN POLICY, AND ECONOMY OF THE UNITED STATES CAUSED
BY THE LAPSE OF THE EXPORT ADMINISTRATION ACT OF 1979,
PURSUANT TO 50 U.S.C. 1641(c)



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WASHINGTON : 1998

THE WHITE HOUSE,
Washington, December 19, 1997.

Hon. NEWT GINGRICH,
Speaker of the House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: As required by section 204 of the International Emergency Economic Powers Act (50 U.S.C. 1703(c)) and section 401(c) of the National Emergencies Act (50 U.S.C. 1641(c)), I transmit herewith a 6-month periodic report on the national emergency declared by Executive Order 12924 of August 19, 1994, to deal with the threat to the national security, foreign policy, and economy of the United States caused by the lapse of the Export Administration Act of 1979.

Sincerely,

WILLIAM J. CLINTON.

President's Periodic Report on the National Emergency
Caused by the Lapse of the Export Administration Act of 1979

1. On August 19, 1994, in Executive Order No. 12924, I declared a national emergency under the International Emergency Economic Powers Act (IEEPA) (50 U.S.C. 1701 *et seq.*) to deal with the threat to the national security, foreign policy, and economy of the United States caused by the lapse of the Export Administration Act of 1979, as amended (50 U.S.C. App. 2401 *et seq.*) and the system of controls maintained under that Act. In that order, I continued in effect, to the extent permitted by law, the provisions of the Export Administration Act of 1979, as amended, the Export Administration Regulations (15 C.F.R. 768 *et seq.*), and the delegations of authority set forth in Executive Order No. 12002 of July 7, 1977 (as amended by Executive Order No. 12755 of March 12, 1991), Executive Order No. 12214 of May 2, 1980, Executive Order No. 12735 of November 16, 1990 (subsequently revoked by Executive Order No. 12938 of November 14, 1994), and Executive Order No. 12851 of June 11, 1993. As required by the National Emergencies Act (50 U.S.C. 1622(d)), I issued notices on August 15, 1995, August 14, 1996, and August 13, 1997 continuing the emergency declared in Executive Order 12924.

2. In 1996, I issued two Executive Orders in order to take additional steps with respect to the national emergency described and declared in Executive Order 12924. On October 12, 1996, I issued Executive Order 13020 in order to provide for appropriate controls on the export of commercial communication satellites and hot-section technologies for the development, production, and overhaul of commercial aircraft engines transferred from the United States Munitions List to the Commerce Control List. On November 15, 1996, I issued Executive Order 13026 in order to provide for appropriate controls on the export and foreign dissemination of encryption products.

3. I issued Executive Order No. 12924 pursuant to the authority vested in me as President by the Constitution and laws of the United States, including, but not limited to, IEEPA. At that time, I also submitted a report to the Congress pursuant to section 204(b) of IEEPA (50 U.S.C. 1703(b)). Section 204 of IEEPA requires follow-up reports, with respect to actions or changes, to be submitted every six months. Additionally, section 401(c) of the National Emergencies Act (50 U.S.C. 1641(c)) requires that the President, within 90 days after the end of each six-month period following a declaration of a national emergency, report to the Congress on the total expenditures directly attributable to that declaration. To comply with these requirements, I have submitted combined activities and expenditures reports for the six-month periods ending February 19, 1995, August 19, 1995, February 19, 1996, August 19, 1996, and February 19, 1997. The following report covers the six-month period from February 19, 1997 to August 19, 1997.

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4. Since the issuance of Executive Order No. 12924, the Department of Commerce has continued to administer and enforce the system of export controls, including antiboycott provisions, contained in the Export Administration Regulations (EAR). In administering these controls, the Department has acted under a policy of conforming actions under Executive Orders No. 12924, 13020 and 13026 to those required under the Export Administration Act, insofar as appropriate.

5. Since my last report to the Congress, there have been several significant developments in the area of export controls:

A. Multilateral Developments

Wassenaar Arrangement. The Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies is a multilateral regime currently consisting of 33 member countries. Its purpose is to contribute to regional and international security and stability by promoting transparency and greater responsibility in international transfers of conventional arms and dual-use goods and technologies.

Pursuant to the initial elements agreed to in the Wassenaar Arrangement, member countries exchange information on certain dual-use license approvals and denials. In April 1997, the U.S. Government participated in the first semiannual submission of transfer data made by member countries since the November 1996 implementation of the Wassenaar dual-use export control list. The first List Review exercise of the regime took place in June 1997.

Australia Group. The Australia Group, an informal multilateral forum, cooperates in curbing the proliferation of chemical and biological weapons through the harmonization of export controls, the exchange of information and other diplomatic means. The group currently has 30 member countries.

In accordance with the AG-agreed control list, the Department of Commerce maintains export licensing requirements for precursor chemicals, microorganisms and toxins, equipment, whole plants and technology that may be used in the production of chemical or biological weapons.

Following the entry-into-force of the Chemical Weapons Convention (CWC) in May 1997, the Commerce Department's Bureau of Export Administration (BXA) prepared a paper on the compatible aims of the CWC and the AG. The United States will present the paper for consideration at the AG's annual meeting in October.

The AG's no undercut policy provides that members notify each other of denials of export licenses for controlled items. This prevents a member from undercutting another member's denial without prior consultation. In addition, AG members have agreed not to transfer or reexport controlled items to non-AG members without first ensuring the legitimacy of the end-use and verifying the final disposition of the goods. Members also are expected to obtain assurances that the items will not be used for chemical or biological weapons purposes and to require approval for subsequent reexports from non-AG countries.

In addition, the U.S. continues to encourage other AG members to adopt 'catch-all' controls to provide mechanisms for controlling: 1) exports of items not captured by the AG list when the exporter knows the items will be used in activities that contribute to the proliferation of chemical and biological weapons; and 2) activities of persons subject to AG members' jurisdiction that contribute to such proliferation.

Nuclear Suppliers Group. The Nuclear Suppliers Group (NSG), currently composed of 34 member countries, maintains a control list of nuclear related dual-use items and guidelines for their control.

In May 1997, the Nuclear Suppliers Group agreed to delete oscilloscopes from the NSG Dual Use Annex. However, the United States proposed, and the NSG approved, a statement of commitment to preclude the use of oscilloscopes in activities that are contrary to the basic principles of nonproliferation. Consistent with the NSG decision, effective August 6, 1997, U.S. exports of oscilloscopes no longer require a license except when destined for designated terrorism-supporting countries or countries that are not signatories to the Nuclear Non-Proliferation Treaty (Israel, India and Pakistan).

The Department of Commerce continues to implement the "no-undercut" provision of the NSG. Under this provision, a notification of a license denial received from an NSG member country precludes other member countries from approving a similar transaction, thereby assuring that the earlier denial is not "undercut." There are procedures for member countries to consult if they wish to disagree with the original denial.

The Department of Commerce also continues to notify the NSG of license applications for exports of non-NSG controlled items that the United States has denied under the Enhanced Proliferation Control Initiative (EPCI) due to concerns about the end users. Other NSG members have implemented

similar 'catch-all' controls for items that are not on the NSG Dual Use Control List, and notify the NSG of such license denials.

Missile Technology Control Regime (MTCR). The MTCR is an informal group that was founded in 1987 by the U.S. and its six G-7 trading partners. With the addition of Turkey in May 1997, the MTCR now has 29 member countries that coordinate their national export controls to help prevent missile proliferation. Each member, under its own national laws, has agreed to adhere to the MTCR Guidelines for items listed on the MTCR Equipment and Technology Annex. The United States continued to maintain the MTCR controls during the reporting period.

In March and June 1997, the MTCR sponsored two expert-level transshipment workshops, one on legal and regulatory authority, held in the United Kingdom, and one on licensing and enforcement, held in Switzerland. The workshops were follow-on fora from the successful Washington seminar in July 1996 where 12 MTCR member countries and seven non-MTCR participants (Cyprus, Hong Kong, Jordan, Malta, Singapore, South Korea, and the United Arab Emirates) met for the first time. The transshipment series served as an outreach program to explore different approaches to the real world problem of illegal transshipments of MTCR-listed equipment and technology to missile programs and other projects to develop weapons of mass destruction. The transshipment series will serve as a model for future cooperation between regime member and non-member countries.

B. Bilateral Cooperation/Technical Assistance

As part of the Administration's continuing effort to encourage other countries to strengthen their export control systems, the Department of Commerce and other agencies conducted a wide range of discussions with a number of foreign countries.

Hong Kong. The United States has closely monitored the effectiveness of the 'one country, two systems' policy established by the People's Republic of China (PRC) since Hong Kong's return to PRC sovereignty on July 1, 1997. BXA is collecting statistics on applications to export to Hong Kong and comparing them with former years, noting any significant differences in patterns of procurement. In addition, at the request of the Hong Kong government, BXA sent a senior analyst to Hong Kong for a six-month secondment from November 1996 to May 1997. The BXA analyst advised members of the Hong Kong Trade Department in technical matters related to export controls. Hong Kong has published the Wassenaar List as part of its export control system.

In October (after the period covered by this report), Commerce Secretary William Daley signed an agreement with his counterpart, Hong Kong Secretary Denise Yue, establishing regular meetings on export controls. This agreement reaffirms the U.S. policy of treating Hong Kong differently from the rest of China on export controls. Hong Kong committed to continue to adhere to various international export control rules.

Nonproliferation Export Control Cooperation. During the reporting period, BXA, in conjunction with representatives from the Departments of State, Defense, Energy, and U.S. Customs Service, hosted or coordinated 19 technical exchanges in support of U.S. export control cooperation programs with Russia, Ukraine, Kazakhstan, Belarus, other emerging states in the Central Asian and Caucasian regions, and the Baltic and Central European states. The cooperation effort focuses on five areas -- the legal requirements for an effective export control system, export control system automation, licensing procedures and practices, enforcement, and government-industry relations -- to familiarize governments with the elements that constitute effective export control systems and to assist them in developing their own export control systems. Programs conducted during this reporting period are highlighted below.

Legal and regulatory development programs were presented during the reporting period for delegations from Ukraine, Georgia, Uzbekistan, and Kyrgyzstan.

BXA demonstrated its automated export licensing system to several foreign delegations, explaining how it is configured for interagency review of license applications. In April, a NEC representative attended the dedication ceremony for Kazakhstan's newly installed automated system. In June, BXA participated in discussions with Armenia and Azerbaijan to identify areas of possible technical exchanges as these nations begin to address the need for export controls.

During the reporting period, symposia on licensing procedures and practices, focusing on dual-use license application processing, were held in Washington, D.C. for representatives of the Baltic States (Estonia, Latvia and Lithuania), Russia, and Kazakhstan. A U.S. Government delegation traveled to Kyrgyzstan for a similar program. Foreign officials were also given the opportunity to describe their export licensing systems to U.S. Government officials.

BXA hosted preventive export enforcement workshops for officials from the Baltic States (Estonia, Latvia, and Lithuania), in June, and from the South Central European States (Bulgaria, Moldova, Romania, and Slovenia), in July. Pre-license checks, post-shipment verifications, and the use of criminal and administrative sanctions to deter illegal exports were discussed. Delegations met with Export Enforcement field office personnel,

federal judges, Assistant U.S. Attorneys, and U.S. Customs Service officials.

In April, BXA arranged a series of workshops for nine Ukrainian Government officials and 13 Ukrainian industry representatives to address the roles of industry and government in achieving export control cooperation. This technical exchange provided a business perspective on export controls, explaining the importance of voluntary industry compliance with export controls and industry contributions of technical expertise to government agencies through Technical Advisory Committees. The workshops included visits to several U.S. companies, who demonstrated their internal export compliance procedures for the Ukrainian delegations.

Special activities during the reporting period included a 'Department of Commerce Day' with the Monterey Institute of International Studies, a conference in Washington, D.C., to discuss nonproliferation issues and challenges attended by representatives from more than 17 countries, and UPDATE Conference 1997 in July, where BXA hosted fifteen foreign delegations for a week-long symposium held in conjunction with its annual UPDATE seminar.

C. Regulatory Actions: Published and Pending

Implementation of the Wassenaar Arrangement. Interagency review of the implementation of the Wassenaar Arrangement, including a revised Commerce Control List and new reporting requirements, continued during the reporting period. The revised Commerce Control List will continue to use the same numbering system as the European Union List. BXA anticipates publishing this rule in late 1997.

Encryption Amendments. BXA circulated for interagency review an amendment to the rule published on December 30, 1996, transferring certain encryption items from the U.S. Munitions List to the Commerce Control List. The draft rule includes a clarification of the temporary exports eligible for shipment under a License Exception and a liberalization of controls for financial institutions.

Entity List. In a regulation published on February 3, 1997, BXA established the Entity List to inform exporters of certain end-users subject to export license requirements for specified items because BXA has determined that there is an unacceptable risk of use in, or diversion to, certain nuclear, missile, or chemical or biological weapons end uses. Subsequent rules published on May 16 and June 30, 1997 added entities to the list. Export Controls and Notification Requirements for Chemicals Under the Chemical Weapons Convention. BXA circulated for interagency review draft regulations to implement Chemical Weapons Convention (CWC) trade restrictions that will affect Australia Group (AG) controlled chemicals and other chemical weapon agents and precursors. The draft rule maintains current control levels for

AG-listed chemicals but implements additional restrictions and notification requirements mandated by the CWC.

Easing of Export Controls on Oscilloscopes. Effective August 6, 1997, BXA reduced license requirements for exports of oscilloscopes to all countries except designated terrorism-supporting countries and nuclear countries of concern.

Support for the Cuban People. On March 3, 1997, BXA published a rule that implemented the President's October 6, 1995 announcement of a licensing policy of approval, on a case-by-case basis, of certain exports to human rights organizations, news bureaus, and individuals and non-governmental organizations engaged in activities that promote democratic activity in Cuba. This rule is consistent with the Cuban Democracy Act of 1992 and the Cuban Liberty and Democratic Solidarity (Libertad) Act of 1996. However, the ban on all U.S. flights to Cuba imposed by the President following the shoot-down of a U.S. civilian aircraft by Cuban military aircraft in February 1996 continues to apply to temporary sojourn flights that previously had been allowed under licenses for humanitarian, journalistic, or other approved purposes. All humanitarian exports now must transit third-countries on foreign carriers in order to be delivered to Cuba.

D. Regulatory Reform

On March 25, 1996, BXA published the completely restructured Export Administration Regulations (EAR). On January 1, 1997, the transition period from the old to the new EAR ended. Primarily in response to comments and suggestions from the exporting community, BXA published corrections and clarifications to the text of the EAR on May 9, 1997. Remaining corrections and clarifications to the Commerce Control List will be published as part of the rule implementing the Wassenaar Arrangement in fall 1997.

E. Licensing of Items Transferred from the International Trade in Arms Regulations.

Commercial Communications Satellites and Hot Section Technology for the Development, Production or Overhaul of Commercial Aircraft. BXA accepted jurisdiction over commercial communications satellites and hot section technology, formerly on the U.S. Munitions List, in a rule published on October 21, 1996. This rule also imposed enhanced national security and foreign policy controls on these items. As a result, BXA has approved 11 licenses for commercial communication satellites having a total value of \$2,669,010,000 since October 1996. BXA has issued no licenses for hot section technology since accepting jurisdiction.

Encryption Items Transferred from the U.S. Munitions List to the Commerce Control List. On December 30, 1996, BXA published an interim rule transferring jurisdiction over commercial encryption products from the State Department to the Commerce Department. From January to August 1997, BXA received over one thousand license applications for exports valued over five hundred million dollars. Thirty-seven companies submitted commitment plans which explain how they will build and market key recovery products, and other companies have plans in preparation. These companies include some of the largest software and hardware manufacturers in the country. BXA approved 32 plans as of August 1997, and expects to approve more very shortly. BXA has not rejected any plans. Eight companies have submitted requests for a one-time review of key recovery encryption items, which will facilitate the establishment of a key management infrastructure (KMI). BXA has approved three of these products for eligibility under License Exception KMI, allowing their export to certain destinations without a license if specified conditions are met.

F. Export License Information

During the reporting period, BXA continued to receive many requests for export licensing information in enforcement proceedings and under the Freedom of Information Act. BXA continues to withhold from public disclosure information obtained for the purpose of consideration of, or concerning, export license applications, unless the release of such information is determined by the Under Secretary to be in the national interest, pursuant to Executive Order No. 12924's directive to carry out the provisions of the Export Administration Act, to the extent permitted by law.

G. Export Enforcement

Export Enforcement continued, through its three constituent offices, its programs of prevention of diversions, investigation/enforcement of the export control provisions of the Export Administration Regulations, and enforcement of the antiboycott provisions of the Export Administration Regulations.

Prevention Activities. Export Enforcement's prevention activities included selecting transactions for pre-license checks and post-shipment verifications by representatives of U.S. diplomatic posts, and "safeguards" visits, in which Export Enforcement personnel traveled to other countries to verify the details of sensitive export transactions and to advise the host governments on export control issues. Finally, EE's prevention activities included outreach visits to domestic firms and programs to foster enforcement cooperation with other governments (see section B. above). The statistics on EE's prevention activities during the reporting period are as follows.

Pre-license checks initiated	158
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Pre-license checks completed	171
Post-shipment verifications initiated	94
Post-shipment verifications completed	70
Additional post-shipment verifications initiated and completed as part of safeguards visits	44
Export license applications reviewed	4,500
Outreach visits by Office of Export Enforcement agents	267

Investigations. The Office of Export Enforcement opened 171 and closed 410 investigations during the reporting period.

Under its Shipper's Export Declaration Program, the Office of Enforcement Support (OES) reviews copies of the shipper's export declarations (SEDs) filed by exporters and, using a computerized index of data fields, produces a list of SEDs targeted for closer review, focusing particularly on licensed shipments, shipments bound for destinations of concern, shipments of strategic commodities of proliferation concern, and other criteria. Through this review, OES identifies SEDs that may indicate violations of the Export Administration Regulations and refers them to the Office of Export Enforcement. OES made 143 such referrals during the reporting period.

Office of Antiboycott Activities. The Office of Antiboycott Compliance continued to supply the State Department with information on boycott requests received by U.S. persons. The State Department uses this information in its discussions with boycotting countries concerning ending the Arab League boycott of Israel. Quarterly summary data and analysis were supplied in March and August 1997. The Office of Antiboycott Compliance opened 17 and closed 24 investigations during the reporting period.

Summary of Major Cases. The results of the major cases closed by the Office of Export Enforcement and the Office of Antiboycott Compliance during the reporting period are summarized below.

Settlements Reached With the U.S. Air Force, the U.S. Justice Department, and a Government Contractor for Alleged Violations of the Antiboycott Regulations: On February 27, 1997, a settlement was reached with the U.S. Air Force, an Air Force officer, the U.S. Department of Justice and one of its employees, and a government contractor, CACI Inc. - Commercial, and one of its employees, for alleged violations of the antiboycott provisions of the Export Administration regulations.

It was alleged that, in a November 1991 meeting conducted by Air Force officers, representatives of the Justice Department and CACI were told that Jews or people with Jewish surnames could not go to Saudi Arabia as part of a microfilming team that was providing litigation support services to Justice and the Air Force. Justice Department and CACI employees screened, interviewed, and selected people to go to Saudi Arabia. At least one U.S. person was refused a place on the microfilming team based on religion or national origin.

The U.S. Air Force and the Justice Department settled allegations investigated by Export Enforcement's Office of Antiboycott Compliance (OAC). The Air Force and Justice Department each instituted measures to prevent a similar event from happening again.

The Air Force officer in charge of the litigation team in 1991 agreed to settle two allegations that he violated the antiboycott provisions by requiring or knowingly agreeing to require Justice and CACI to discriminate against individuals based on religion.

The Justice Department official involved in the microfilming project agreed to settle two allegations that she violated the antiboycott provisions by agreeing to discriminate against individuals based on religion or national origin, and subsequently taking a boycott-based discriminatory action against a U.S. person on the basis of religion.

CACI Inc. - Commercial, an Arlington, Virginia contractor, and a senior CACI Inc. employee involved in the microfilming project, each agreed to settle three allegations that each violated the antiboycott provisions by knowingly agreeing to discriminate against individuals based on religion or national origin, taking a boycott-based discriminatory action against a U.S. person on the basis of religion, and, with respect to one particular individual, discriminating based on religion or national origin.

Thomas Doyle and Robert Vance Denied Export Privileges: On March 10, 1997, Thomas Doyle, former President of International Spare Parts, Cheshire, Connecticut, and Robert Vance, the firm's Vice President, were denied export privileges until July 31, 2006. In July 1996, Doyle and Vance had been convicted of exporting and diverting U.S. commodities to Libya through the United Kingdom and Malta. The U.S. Customs Service and the Office of Export Enforcement conducted the investigation.

Bank Saderat Iran in NY Receives \$36,000 Civil Penalty for Alleged Antiboycott Violations: On March 12, 1997, a settlement between the Department and Bank Saderat Iran - New York Representative Office ("BSI") was approved. Under the terms of the settlement, BXA's Office of Antiboycott Compliance imposed a \$36,000 penalty on BSI to settle allegations that, between November 1991 and April 1992, BSI implemented two letters of credit that contained requirements prohibited by the antiboycott

regulations, furnished two items of information about the company's business relations with Israel and, on four occasions, failed to report its receipt of boycott-related requests from Dubai. The Department suspended payment of the civil penalty for three years. Payment of the penalty will thereafter be waived, provided that BSI does not violate the Export Administration Act or Regulations, or fail to meet other terms and conditions of the Department's order.

Vaughts Sentenced For Illegal Exports of Aircraft Parts to Iran: On March 14, 1997, the Chief Judge for the Northern District of Texas in Dallas sentenced Ronald Lee Vaught and Larry Don Vaught, who had earlier pled guilty of conspiracy to export aircraft parts to Iran, to three years' probation, a \$100 special assessment fee, and a fine of \$10,000. Previously, the Chief Judge had sentenced co-conspirators Peter Harms to 57 months in federal prison and a \$100,000 fine, and William Dias to three years' probation and a \$20,000 fine. This action concluded the successful prosecution of all four defendants in this investigation.

JML Freight Forwarding Pays \$15,000 Civil Penalty For Preparing Shipping Documents Containing False Information: On March 26, 1997, a Final Order was signed imposing a \$15,000 civil penalty on JML Freight Forwarding, Inc. (JML) of Kearny, New Jersey, formerly known as Jacky Maeder, Ltd., for allegedly preparing three Shipper's Export Declarations that contained false information. The Department alleged that on three occasions, the East Boston, Massachusetts branch of JML prepared and used export control documents for the purpose of effecting exports of titanium bars from the United States to Switzerland, representing that the exports qualified for General License G-DEST, when, in fact, validated licenses were required.

Freight Forwarder Penalized for EAR Violation: On April 2, 1997, BXA ordered Thyssen Haniel Logistics, Inc., of Atlanta, Georgia (Thyssen), formerly known as Amerford International Corporation, to pay a \$30,000 civil penalty to resolve allegations that it prepared Shipper's Export Declarations that contained false information. The Department alleged that on six occasions, the East Boston, Massachusetts branch of Thyssen prepared and used export control documents for the purpose of exporting titanium bars from the United States to Germany, representing that the exports qualified for export under General License G-DEST, when, in fact, a validated license was required.

Kaufman Penalized \$10,000 for Illegally Exporting Computers to Cuba: On April 10, 1997, the Department imposed a \$10,000 civil penalty on Martin Kaufman of Orleans, Ontario, Canada, acting as agent for Tourism Consultants International of the British West Indies. Tourism Consultants International, with Kaufman acting as agent, allegedly exported U.S.-origin computer equipment from the United States through Jamaica to Cuba, in violation of the Export Administration Regulations.

Compaq Computer Corporation Receives \$55,000 Civil Penalty: On April 18, 1997, the Department imposed a \$55,000 civil penalty on computer manufacturer Compaq Computer Corporation of Houston, Texas. The Department alleged that Compaq made three separate shipments of computers to Venezuela, Chile, and the People's Republic of China from September 1992 through June 1993 without obtaining the required export licenses. While neither admitting nor denying the alleged violations, Compaq agreed to pay the civil penalty.

Freight Forwarder Pays \$15,000 Civil Penalty: On May 1, 1997, Hellmann International Forwarders, Inc. (HIF) of Miami, Florida, was ordered to pay a \$15,000 civil penalty to resolve allegations that it prepared Shipper's Export Declarations that contained false information. The Department alleged that on three occasions, the Chelsea, Massachusetts, branch of HIF prepared and used export control documents for the purpose of exporting titanium bars from the United States to Sweden. These documents represented that the shipments qualified for export under General License G-DEST, when, in fact, a validated license was required.

Advanced Vacuum Systems Pays \$5,000 Civil Penalty: On May 1, 1997, Advanced Vacuum Systems, Inc. (AVS) of Ayer, Massachusetts, was ordered to pay a \$5,000 civil penalty to resolve allegations that the company exported equipment to the People's Republic of China (PRC) without having obtained the required validated license. The Department alleged that AVS exported one low pressure sintering furnace with spare parts to the PRC, under the authority of General License G-DEST, when a validated license was required.

President Titanium Pays \$125,000 Civil Penalty for Illegally Exporting Titanium Bars: On May 29, 1997, President Titanium of Hanson, Massachusetts, was ordered to pay a \$125,000 civil penalty to resolve allegations that it made numerous unlicensed shipments of titanium bars. The Department alleged that on 25 separate occasions, President Titanium exported titanium bars to England, France, Germany, South Africa, Switzerland and the Netherlands without the required validated licenses.

Albuquerque Company Pays \$180,000 for Illegal Thyatron Exports: On May 29, 1997, the Department imposed a \$180,000 civil penalty on Lasertechnics, Inc. of Albuquerque, New Mexico, for allegedly exporting U.S.-origin thyratrons from the United States without the required export license. Payment of \$80,000 of the civil penalty was suspended for three years, and will thereafter be waived provided Lasertechnics, Inc. commits no violations of the Export Administration Act or the Export Administration Regulations during the suspension period.

EXA alleged that, on 36 separate occasions from November 1991 through March 1994, Lasertechnics, Inc. exported U.S.-origin thyratrons from the United States to Hong Kong, Ireland, Malaysia

and Singapore without obtaining the licenses required by the EAR for nuclear nonproliferation reasons. Thyratrons send a high-voltage current through a device and can be used as a nuclear triggering device, but can also be used for medical and scientific purposes. Hydrogen thyratrons were controlled at the time of the violations for nuclear nonproliferation reasons and are currently controlled for anti-terrorism reasons.

Pan Asia Denied Export Privileges For Two Years: On May 29, 1997, the Under Secretary for Export Administration issued an order denying the export privileges of Pan Asia, a Singapore entity, for a period of two years. Pan Asia had reexported U.S.-origin items from Singapore to Vietnam in 1993, prior to the lifting of the embargo against Vietnam.

Digital Creations Fined \$800,000 For Illegal Computer Exports to China: On June 13, 1997, Digital Creations Corporation of Closter, New Jersey, was sentenced an \$800,000 criminal fine for violating the Export Administration Act and Regulations. In December 1994, Digital Creations Corporation had pleaded guilty to charges that it exported a DEC computer to the People's Republic of China without having obtained the required export license from the Department of Commerce.

Summit Marketing, Inc. Pleads Guilty to Illegal Exports to Iran: On June 13, 1997, Sanford Groetzinger, President, Summit Marketing, Inc. (SMI) and SMI's Corporate Counsel pled guilty in the U.S. District Court for Boston, Massachusetts to alleged criminal violations related to the export of numerous civilian and military aircraft components to Iran via Germany and France during 1992 and 1993 without having obtained the required export licenses from the Commerce and State Departments. Sentencing was scheduled for September 26, 1997.

Delft Instruments, N.V. Pays \$50,000 Civil Penalty: On June 16, 1997, the Department imposed a \$50,000 civil penalty on Delft Instruments, N.V., a firm located in the Netherlands, to settle allegations that Delft made false statements to the Department in connection with an enforcement action. The Department alleged that, on five separate occasions between August 2, 1991 and February 10, 1992, Delft made false and misleading statements of material fact to the Department when Delft opposed the renewal of a 1991 temporary denial order. The alleged false statements related to representations Delft made to the Department concerning whether members of its Executive Board knew that Delft had exported thermal imaging prototypes to Iraq and Jordan without the required U.S. export licenses. Delft pleaded guilty in 1992 to charges that it had violated the Arms Export Control Act by exporting U.S.-origin thermal imaging prototypes to Iraq without the required export license.

Lansing Technologies Corporation Pleads Guilty for Illegal Export to PRC: On June 17, 1997, Lansing Technologies Corporation, represented by its president, Red Chin Yang, pled guilty in U.S.

District Court for the Eastern District of New York to a two-count criminal information that charged the company with the illegal export of Digital Equipment Corporation vector processors and the illegal export of a data acquisition control system to the People's Republic of China without obtaining the required export licenses from the Commerce Department.

Dell Computer Corporation Pays \$50,000 Civil Penalty for Illegal Exports to Iran: On June 17, 1997, the Department imposed a \$50,000 civil penalty on Dell Computer Corporation of Austin, Texas. Dell made three shipments of U.S.-origin computer equipment from the United States to Iran without the required U.S. export licenses. The exports took place between March 1992 and June 1992. In connection with the exports, the Department also alleged that the company made false and misleading statements of material fact on the export control documents.

McKeeve, McNeil International Denied Export Privileges For Ten Years: On June 20, 1997, Scotland-based export/import company McNeil International, and company president David McKeeve each were denied export privileges for a period of 10 years under Section 11(h) of the Export Administration Act. McKeeve and McNeil International were previously convicted in U.S. District Court, Boston, Massachusetts, of violating the International Emergency Economic Powers Act by attempting to divert computer equipment to Libya. McNeil International was fined \$125,000 and McKeeve was sentenced to 51 months in federal prison.

Samsonite Receives \$25,000 Civil Penalty for Alleged Antiboycott Violations: On June 27, 1997, the Department imposed a \$25,000 fine on Samsonite Corporation of Colorado, to settle allegations of violations of the antiboycott provisions of the Export Administration Act and Regulations.

I.G.G. Corporation Pleads Guilty to Illegal Exports, is Fined \$50,000 and Pays \$400,000 Civil Penalty: On July 17, 1997, I.G.G. Corporation (I.G.G.) plead guilty in the U.S. District Court for the Eastern District of Pennsylvania to a one-count criminal information charging the company with knowingly exporting electronic components from the United States to the Indian Space Research Organization (ISRO) without the required export licenses. I.G.G. was assessed a \$50,000 criminal fine, a special assessment of \$200 and placed on probation for five years. In addition, on July 17, BXA ordered I.G.G. to pay a \$400,000 civil penalty and denied I.G.G.'s export privileges for a period of seven years. The denial period was suspended in its entirety, and will be waived if the company does not violate U.S. export control laws during the suspension period.

Fisher Scientific Worldwide Inc. Pays \$10,000 Civil Penalty: On July 17, BXA ordered Fisher Scientific Worldwide Inc. of New Hampshire to pay a \$10,000 civil penalty to settle allegations

that it violated the antiboycott provisions of the Export Administration Regulations. On five occasions, Fisher Scientific failed to report its receipt of requests from Syria and Kuwait to engage in restrictive trade practices or boycotts.

Tex-Co International, Inc. Denied Export Privileges for Ten Years: On July 15, 1997, Tex-Co International, Inc. (Tex-Co), Houston, Texas, was denied export privileges by BXA for a period of 10 years under Section 11(h) of the Export Administration Act. Tex-Co had been convicted in U.S. District Court for the Southern District of Texas, Houston Division, as a result of a U.S. Customs Service investigation, on one count of violating the International Emergency Economic Powers Act by knowingly and willfully exporting oil field equipment to an intermediary for ultimate delivery to Umm Al-Jawaby Oil Service Company, Ltd., a specially designated national of the government of Libya, without written authorization of the U.S. government. Tex-Co officials created the intermediary, a London company, as a shell company.

Penny Ray and James Lee Found Guilty: On July 18, 1997, a jury in the Northern District of California found Penny Ray, also known as Lei Ping, and James Lee, also known as Li Jin, each guilty of violating the Arms Export Control Act. Ray and Lee had been indicted in December 1995 for having exported, in December 1990, 15,000 cutter blades and dies for the production of the cutter blades used in artillery fuses without the required Department of State export license. The information leading to the indictment was originally uncovered during an investigation by BXA. After referral to the U.S. Customs Service, BXA provided significant support to Customs and the Department of Justice during the ensuing investigation and trial. Sentencing was scheduled for September 2, 1997.

William A. Roessl Denied Export Privileges for Ten Years: On July 22, 1997, BXA affirmed the recommended decision and order of the Administrative Law Judge and denied William A. Roessl's export privileges for a period of 10 years under Section 11(h) of the Export Administration Act. Roessl, doing business as Enigma Industries, was found to have exported U.S.-origin computer equipment through Canada to the Federal Republic of Germany without the required export license. In addition, Roessl made false and misleading statements of material fact to the U.S. Customs Service on a Shipper's Export Declaration by representing the ultimate destination of the goods as Canada, when Roessl knew the goods were not destined for Canada.

Hongkong and Shanghai Banking Corporation Pays \$23,000 Civil Penalty: On July 24, 1997, BXA ordered the New York branch of The Hongkong and Shanghai Banking Corporation Limited (a Hong Kong banking organization) to pay a \$23,000 civil penalty to

settle allegations that between December 1989 and February 1997: on three occasions, the bank agreed to refuse to do business with blacklisted persons in connection with boycott requests from Qatar; on one occasion, the bank confirmed a letter of credit from the United Arab Emirates that contained a prohibited boycott request; and on nine occasions the bank failed to report, or failed to report in a timely manner, boycott-related requests it received from Jordan, Oman, Qatar and the United Arab Emirates.

Suburban Guns (Pty) Ltd. of Capetown, South Africa: On July 25, 1997, Suburban Guns (Pty.) Ltd. of Capetown, South Africa was sentenced in U.S. District Court, Southern District of New York, to a two-year term of probation and assessed a \$10,000 criminal fine and a \$600 special assessment for violations of the Export Administration Act and IEEPA. Managing Director Fred Tatos pled guilty on behalf of Suburban Guns on February 10, 1997 to charges that it knowingly and willfully exported arms, specifically shotguns and rifles, and ammunition to South Africa without obtaining the required export licenses from BXA and the State Department. This investigation was conducted jointly by BXA and the U.S. Customs Service.

DATRAC AG Ordered to Pay \$2,500 Civil Penalty: On July 25, 1997, BXA ordered DATRAC AG of Switzerland to pay a \$2,500 civil penalty to settle allegations that DATRAC reexported U.S.-origin data communications equipment from Switzerland to Singapore without obtaining the required reexport authorization from BXA.

5. The expenses incurred by the Federal Government in the six-month period from February 19, 1997 to August 19, 1997 that are directly attributable to the exercise of authorities conferred by the declaration of a national emergency with respect to export controls were largely centered in the Department of Commerce, Bureau of Export Administration. Expenditures by the Department of Commerce are anticipated to be \$21,136,000, most of which represents program operating costs, wage and salary costs for Federal personnel, and overhead expenses.

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